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MONTANA

BUSINESS & INDUSTRIAL LOCATION GUIDE

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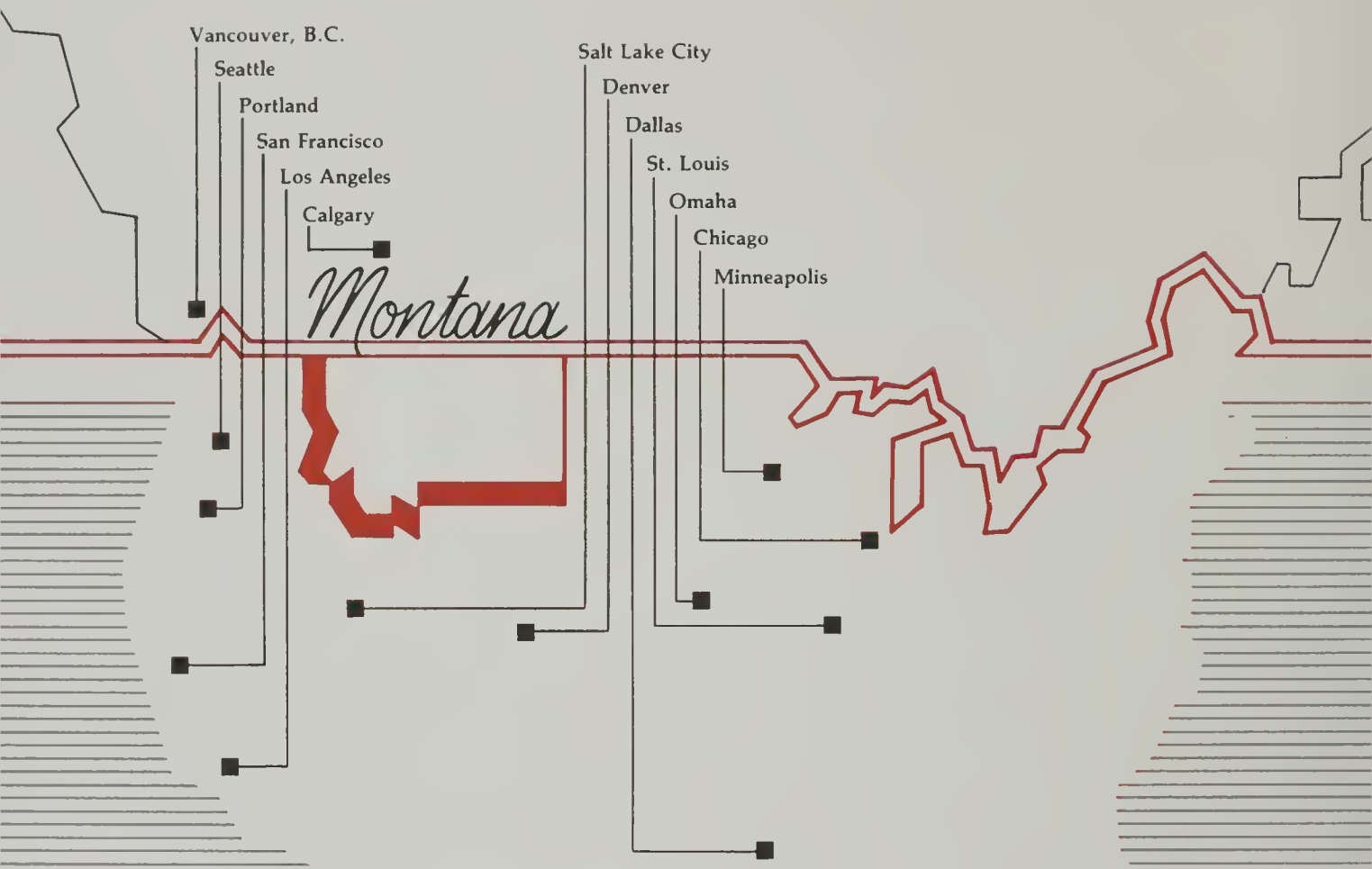
Economic development is a high priority of my administration.

Ted Schwinden,
Governor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MONTANA

ECONOMIC PROFILE

Wide horizons.

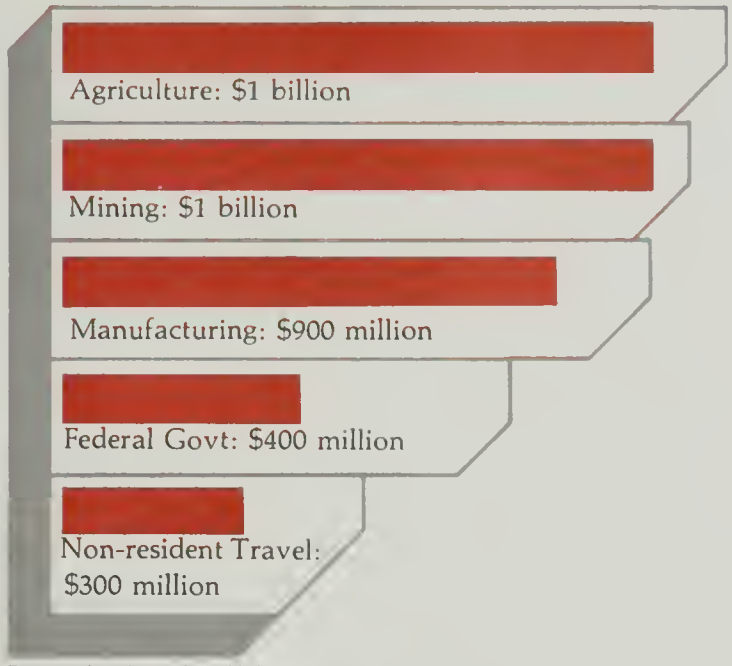
Montana ... new opportunities for industry.

Since the 1800s, agriculture, mining and the processing of minerals and agricultural/forest products have been Montana's economic mainstays.

Today, Montana ranks as one of the five top states in the production of wheat and barley, and is a significant supplier of beef cattle and sheep.

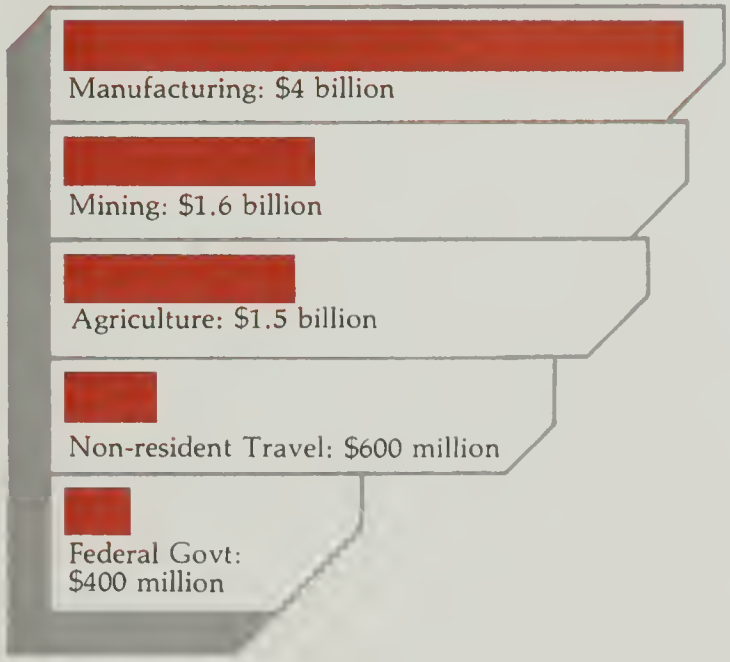
Montana is a leading producer of gold, silver, vermiculite, talc and clay minerals. Coal, copper, crude petroleum and natural gas account for over 85% of the state's income from mining.

1983 MONTANA VALUE-ADDED ESTIMATES BY INDUSTRY



Estimates based on value-added income to Montana's economy through sales or services to out-of-state sources.

1983 MONTANA GROSS RECEIPTS BY INDUSTRY



A diversity of industry characterizes Montana's economy. The long-standing agriculture, mineral and manufacturing segments continue to be leading income producers for the state. Tourism is on the increase and is becoming significantly more important. Fuel minerals dominate the mining industry and contribute substantially to the state's economy.

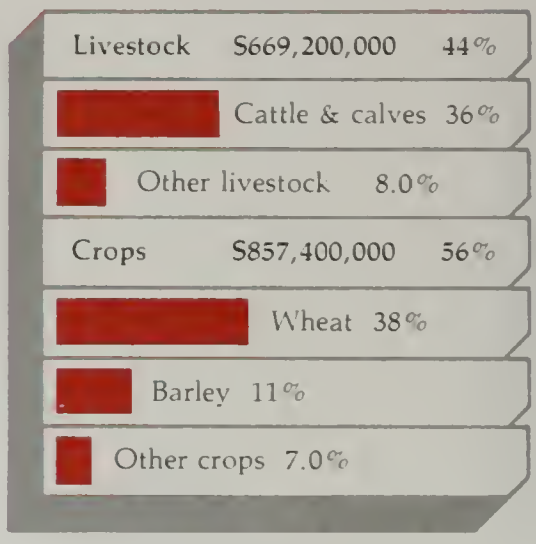
Agriculture

Agriculture is big business in Montana. The average farm or ranch is about 2,600 acres, often devoted to the production of a single crop. Advanced technology is a key ingredient in the management of these huge operations.

In 1983, Montana agriculture generated about $1.5 billion in gross receipts and $1 billion in value added, making it a very important sector of the state's economy. Wheat and cattle accounted for about three-quarters of the total.

Montana is a national leader in the production of a number of agricultural products—4th among the 50 states in wheat production, 2nd in barley, 7th in beef cattle and sheep and 8th in sugar beets. Hay, honey and oats also rank high.

CASH RECEIPTS FROM 1983 MONTANA FARM PRODUCTS



Sources: U.S. Department of Agriculture, Montana Crop and Livestock Reporting Service.

The size and scope of Montana's agricultural industry is scaled to the state. Massive equipment tills huge land areas, and cattle graze on thousands of acres of pastureland.

Mining

In 1983, mining contributed $1.6 billion in gross receipts to the state, with the fuel minerals—oil, coal and natural gas—accounting for 85% of the total.

Fuel Minerals

Petroleum far surpassed all other minerals in value, generating 52.4% of the state's 1983 income from minerals, followed by coal at 25.9%.

Montana is an oil-rich state with an important future. The state sits midway between Wyoming's active oil region and Calgary, Alberta. Current estimated reserves are about 230 million barrels, with 29.2 million barrels produced during 1983.

During 1983, 609 new oil and gas wells were drilled in Montana, of which 53% were successful—adding 194 oil wells and 100 gas wells to the more than 6,500 producing wells in the state. Widespread exploration is expected to uncover additional reserves.

Of the 14 major coal producing states, Montana ranks first in coal resources and reserves, according to the U.S. Geological Survey. The Powder River Basin in Montana and Wyoming contains an estimated 70% of the nation's mineable coal, and Montana alone has more than 75 billion tons of recoverable low-sulphur reserves within her borders.

Coal represents 82% of America's fossil fuel reserves. Even though coal accounted for more than a quarter of Montana's minerals income in 1983, less than ½ of 1% of the state's recoverable coal reserves has been mined. Montana coal is expected to supply a significant percentage of the nation's electricity and synthetic fuels.

Non-Fuel Minerals

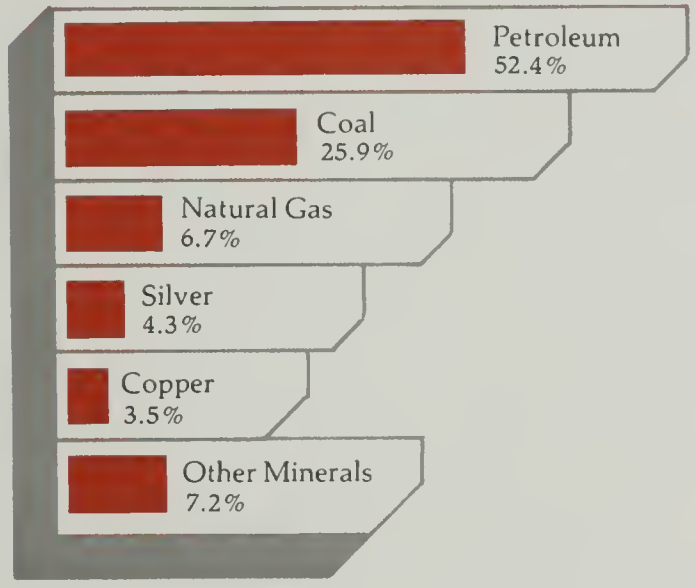
The lure of gold first brought settlers to Montana in the 1850s. Later in the century, copper mining in Butte provided a strong foundation for Montana's economy. Butte came to be known as "the richest hill on earth," yielding gold and silver in addition to copper.

In 1983, copper provided 3.5% of the state's minerals income, and silver 4.3%.

Montana is regarded as having one of the nation's highest potentials for metals mining, with substantial known deposits of copper, silver, gold, platinum, zinc, lead, iron, chrome, antimony, tungsten and molybdenum.

Sand, gravel and other non-metallic mineral commodities are also produced in Montana. The state has large deposits of phosphate rock, commercial bentonite, vermiculite, talc, building stone and limestone.

1983 ESTIMATED INCOME FROM MINERALS



Montana's oil, gas and low-sulphur coal help fuel the nation and are increasingly important to the state's economy.

Manufacturing

Manufacturing in Montana currently generates about $4 billion in gross receipts and $900 million in value added annually.

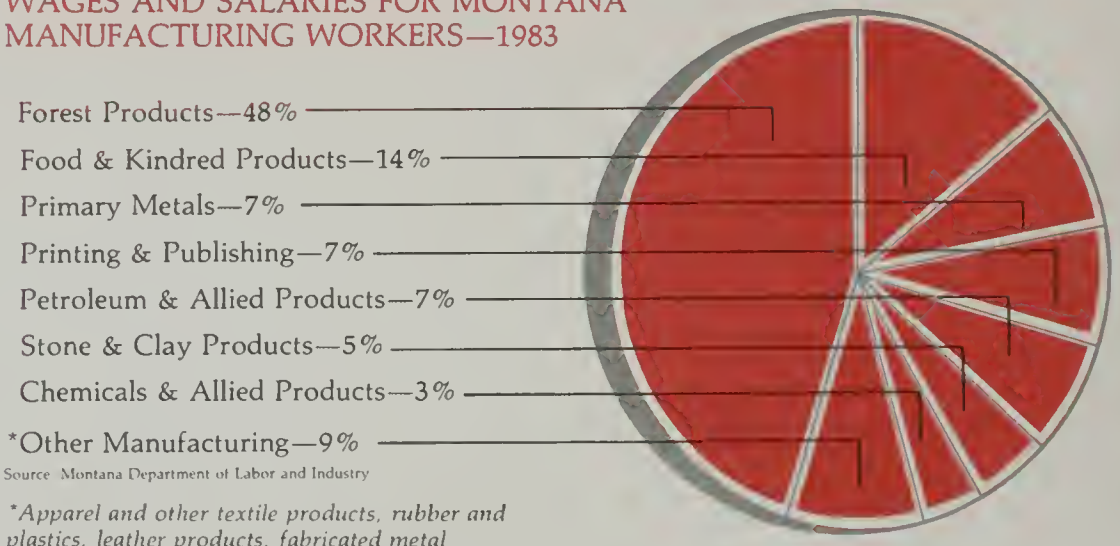
The majority of manufacturers are engaged in processing the state's raw materials.

Montana's forest products industry supplies dimensional and specialty lumber, plywood, particle board, fiberboard, paper, modular building components, mobile homes, furniture and other wooden items, accounting for 48% of the state's wages and salaries related to manufacturing.

Processing of agricultural products accounts for 14% of Montana's manufacturing wages and salaries, and includes flour milling, meat processing, sugar refining, livestock and pet food manufacturing, and preparation of a variety of food products ranging from bread to burritos.

Other items manufactured in Montana include the primary processing of aluminum and lead, petroleum refining, cement and concrete products, heavy equipment for mining and agriculture, high-technology electronic components, fertilizers and chemicals, and wearing apparel.

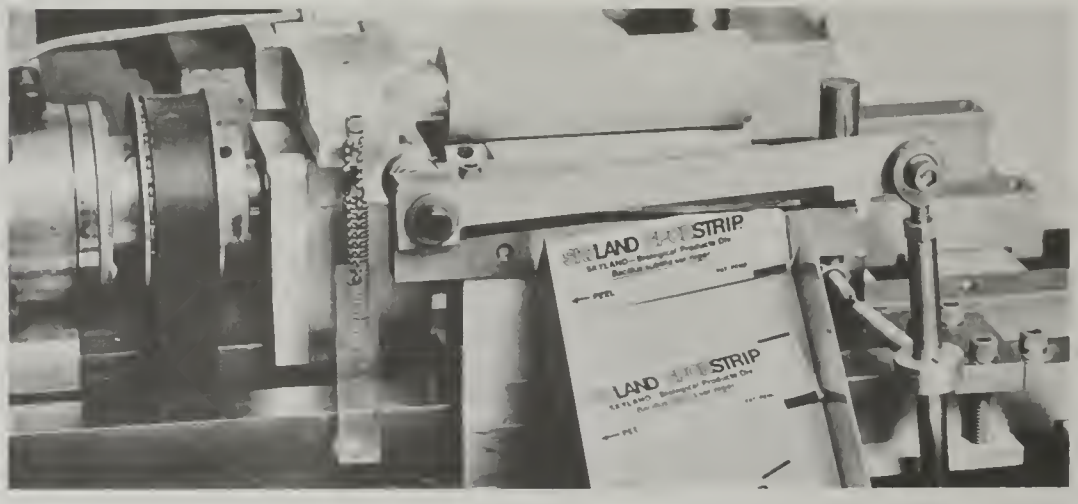
WAGES AND SALARIES FOR MONTANA MANUFACTURING WORKERS—1983



Source: Montana Department of Labor and Industry

**Apparel and other textile products, rubber and plastics, leather products, fabricated metal products, machinery except electrical, electrical and electronic machinery, transportation equipment, instruments, and miscellaneous manufacturing industries.*

From tractors to pharmaceutical products, sweaters to tables, a number of manufacturers have located in Montana and distribute worldwide.



Some of Montana's Major Manufacturers

A & S Products
AgriBasics, a ConAgra Company
Allen/Bradley
American Chemet Corporation
American Colloid Co.
American Dental Mfg. Co.
Anaconda Aluminum Company
Asarco, Inc.
Beatrice Foods Co.
Big Bud Tractors, Inc.
Boise Cascade Corp.
Cenex
Champion International Corporation
Columbia Paint Co.
Conoco, Inc.
Crisafulli Pump Co.
Elk River Concrete Products Co.
Empire Steel Mfg. Co.
Exxon Co.
Friggstad Mfg.
Gallatin Homes Corp.
General Mills
W.R. Grace & Co.
Great Western Sugar Co.
Holly Sugar Corp.
Ideal Cement Co.
Kaiser Cement Corp.
Lumber Enterprises, Inc.
Louisiana Pacific Corp.
Midland Foods Inc.
Norco Products
Pfizer, Inc.
Pierce Packing Co.
Plum Creek Lumber Co.
Renn Industries
Rockee USA
Roscoe Steel and Culvert Co.
Semitool, Inc.
Sirco Manufacturing, Inc.
Skyland Scientific Services, Inc.
St. Regis Paper Co.
Stauffer Chemical Co.
Stoltze Land and Lumber Co.
Sun Wise, Inc.
Truzzolino Food Products Co.
U.S. Gypsum Co.
Wood's Powr-Grip Co., Inc.

MADE IN MONTANA

Tourism

Montana's breathtaking landscape, historic significance, recreational opportunities and western flavor annually draw several million tourists from across the nation and throughout the world.

Glacier National Park, Yellowstone National Park, Custer's Battlefield, Virginia City, the Lewis and Clark Trail ... all are landmarks of national importance.

Montana's tourism industry has experienced strong growth in recent years, adding an estimated $600 million to the state's economy in 1983. The number of visitors continues to rise in Montana, stimulating investments in lodging, restaurants and visitor services.

The Alpine and Nordic skiing industry in Montana is undergoing a metamorphosis. Investments in 1984 will top $10 million. The 1988 Winter Olympics in Calgary, Alberta, will help assure growth for Montana's winter sports industry.

Tourism has grown from casual home-state pride to active promotion of Montana for others to enjoy. Tourism is big business in today's mobile society.

MONTANA

RECREATION
LIFESTYLE
CLIMATE

Naturally inviting.

"We had two reasons for moving our rod company from San Francisco to Montana. First, we wanted a place where we could work without many interruptions and, second, we wanted to be close to the good fishing necessary to field test our rods.

Our company's 55-year reputation for fine workmanship comes from the people who build the rods and the freedom they have to do their work. Everyone works with the idea of doing the best possible job and a time limit is not put on doing it. If one of Montana's fine trout streams beckons, we take our rods and go. This provides us with the artistic freedom and inspiration we need to accomplish outstanding work.

The move to Montana has been very successful for our business—and for us as individuals."

Tom Morgan
R.L. Winston Rod Co.
Twin Bridges, Montana

Tom Morgan is co-owner of the R.L. Winston Rod Co., builders of fly rods since 1929. Since purchasing the company in 1973, Morgan has continued the company's tradition of craftsmanship and design by handcrafting over 90 different models of bamboo, graphite and fiberglass fly rods. The Winston Rod Co. ships more than 1,000 rods a year worldwide from their headquarters in Twin Bridges, Montana.

Recreation

Montanans have the luxury of being able to vacation in the same state where they live and work.

For outdoor sports enthusiasts, Montana offers a broad spectrum of activities. Summer is dominated by sailing and power-boating, canoeing, whitewater float trips, golfing, tennis, biking, hiking, backpacking and mountain climbing. In winter, Montana's dry climate produces some of the nation's finest powder snow at more than a dozen uncrowded alpine ski areas, as well as hundreds of wilderness trails for cross-country skiing.

Visitors and residents alike can follow the route of explorers Lewis and Clark along the Missouri, visit the scene of Custer's last stand, see Indian campsites and Gold Rush ghost towns, attend rodeos and Indian powwows, relax at dude ranches and hot springs resorts, tour Glacier and Yellowstone National Parks.

Wildlife

For the sportsman, Montana offers the nation's finest hunting and fishing. Deer, elk, antelope, pheasant, upland game birds, ducks and geese are plentiful, and the state is world-renowned for its blue-ribbon trout streams.

Good hunting and fishing are within minutes of every community in the state. Montana also has more than 400 licensed outfitters who conduct guided hunting trips into wilderness areas.

Montana's natural setting gives photographers and wildlife enthusiasts many opportunities to observe animals and birds that are seldom encountered in more populous states.

Buffalo still roam at the National Bison Range near Moiese. Bighorn sheep and mountain goats are often seen in many areas of western Montana, and the annual "Gathering of the Eagles" in Glacier Park attracts observers and photographers from throughout the world. Around 1,000 eagles, or 10% of all the eagles in the U.S., pass through the park each fall on their annual migration south.

Pronghorns (antelope) typically are seen in plains areas. Montana offers a close-up view of wildlife not often seen in many parts of the country.

Residents of Montana find recreation close to home, and in infinite variety. With few crowds or lines, Montanans take advantage of the great natural resources and beauty of the state at every opportunity.

Lifestyle

Safe, uncongested, unspoiled. Montana is the 4th largest state in the Union, yet its total population is less than 825,000 people. About 40% of those people live in or near the state's six largest cities.

Although Montana's land area is vast, city dwellers are within minutes of shopping, airports, outdoor recreation and work.

Urban Montana offers the same comforts as any modern city in the West, but the relatively small size of Montana's cities makes it easier for the individual to have a voice in community activities and decision-making. We still know our neighbors, and our children attend neighborhood schools.

Property values are still reasonable, and in many respects, the cost of living in Montana is lower than in the majority of the nation.

Montana also attracts more than its share of outstanding professional and technical minds—physicians, attorneys, artists, engineers, educators and others. People like to live here.

Urban living in Montana is a surprise—a variety and uniqueness that comes from the people who choose to live here.

MONTANA POPULATION— 10 LARGEST URBAN AREAS 1980 CENSUS

Billings	86,493
Great Falls	70,600
Missoula	65,476
Helena	38,853
Butte	36,817
Bozeman	28,604
Kalispell	22,860
Havre	13,738
Miles City	11,846
Anaconda	10,403

"Friendly, comfortable, and socially relaxed" is how most newcomers describe Montana cities, with active people making the most of their surroundings.

Schools

Montana has a strong public education system responsive to the educational needs of the individual student, ranging from the handicapped to the gifted and talented. Public schools are small enough to allow individual teacher/student contact. In pupil-to-teacher ratios, Montana ranks eleventh in the nation. Most of Montana's elementary schools have less than 200 students; the largest elementary school has an enrollment under 750. Nearly 83% of all ninth grade students stay to complete high school, ranking Montana eighth nationally in this category.

Montana's two largest universities, located in Bozeman and Missoula, offer a variety of undergraduate and graduate courses, graduating nearly 3,500 students annually in engineering, architecture, geology, forestry, mathematics, law, pre-medicine, the humanities, journalism, business, education, and other professions.

Montana's system of higher education also includes eight other four-year colleges, three two-year community colleges, five postsecondary vocational-technical centers and about 40 other vocational-technical training schools.

Public schools in Montana give students a strong educational foundation. Students consistently rate high in competitions, and many go on to become leaders in their fields.

Cultural Activities

A young state, Montana is abundant with talent and creativity. Artists comprise about 1% of the state's civilian labor force, and this population is growing faster than the national average.

Montana is a major center for activities associated with Western art and artifacts, and buyers from around the world travel to the state to attend such annual events as the C.M. Russell Auction in Great Falls, the Kalispell Art Auction and Western Rendezvous of Art in Helena.

Virtually all Montana communities sponsor a number of energetic, high-quality programs for the visual and performing arts. Montana is a strong theater state with six performing arts companies that tour the state and the region on a regular basis. In addition, the state has several symphonies, many theaters and playhouses, and dozens of galleries and art centers devoted to art forms of all kinds.

Montana also claims a rich cultural heritage. It is the home to ten Indian tribes and bands who maintain strong ties to their traditional life. They host numerous pow-wows in which dance, music, song and beaded handwork are woven together in eye-dazzling displays.

Opportunities for participation in cultural activities are numerous, and draw people from all walks of life.

Climate and Geography

Surprisingly more than mountains.

- Montana's average annual precipitation is only 15 inches, so the weather is usually clear, sunny and dry.
- Montana weather is dry, not damp. Ten-degree weather in Montana does not feel nearly as cold as ten-degree weather in Chicago, for example, because Montana's humidity is comfortably low.
- Montana's average elevation is only 3,400 ft., lowest of all the Rocky Mountain states.
- Snowfall is not heavy in Montana, except in the mountains which account for only 1/3 of the state's land area.
- Annual snowfall in a number of Montana's largest cities is less than in Albany and Buffalo, New York; Denver, Colorado; Hartford, Connecticut; or Salt Lake City, Utah.
- Average maximum daytime temperature in most Montana cities in July is 85.9° F, higher than Minnesota, Washington and Wisconsin and only slightly lower than Colorado and Illinois.
- Average maximum daytime temperature in most Montana cities in January is 27.6° F, higher than Minnesota and Wisconsin and only 8-11 degrees colder than Colorado, Utah, Illinois and Washington.
- Winter cold waves are broken by periods of warm weather, when chinook winds bring unseasonably high temperatures to the state.
- Snow comes and goes in the winter months, rarely piling up all winter.

AVERAGE SNOWFALL—U.S. CITIES

	Elevation in Feet	Inches Annually
Pittsburgh, Pennsylvania	1,137	30.9
Miles City, Montana	2,371	31.9
Omaha, Nebraska	977	32.0
Des Moines, Iowa	938	32.3
Bismarck, North Dakota	1,647	39.1
Chicago, Illinois	595	39.7
Boston, Massachusetts	15	42.8
Milwaukee, Wisconsin	672	43.7
Minneapolis, Minnesota	834	45.1
Missoula, Montana	3,213	49.0
Cleveland, Ohio	777	50.5
Butte, Montana	5,530	51.0
Spokane, Washington	2,536	53.6
Billings, Montana	3,124	55.7
Salt Lake City, Utah	4,220	56.3
Great Falls, Montana	3,330	57.4
Denver, Colorado	5,280	58.7
Albany, New York	275	67.3
Portland, Maine	43	77.0
Buffalo, New York	705	89.0
Juneau, Alaska	12	106.3
Sault St. Marie, Michigan	721	108.2

AVERAGE TEMPERATURES—U.S. CITIES

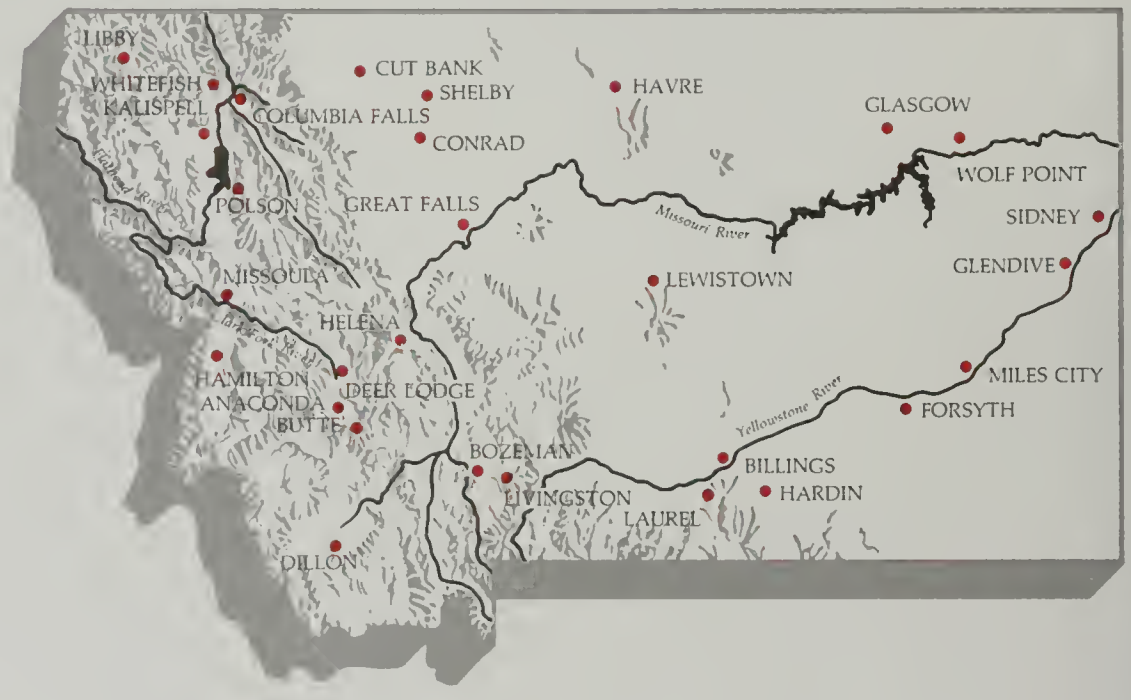
	January	July
Bismarck, North Dakota	8.2	70.8
Minneapolis/St. Paul, Minnesota	11.8	71.2
Sault St. Marie, Michigan	14.2	63.8
Des Moines, Iowa	19.4	75.1
Milwaukee, Wisconsin	19.4	69.9
Great Falls, Montana	20.5	69.3
Portland, Maine	21.5	68.0
Albany, New York	21.5	72.0
Missoula, Montana	21.7	67.7
Omaha, Nebraska	22.6	77.2
Billings, Montana	23.2	74.7
Chicago, Illinois	24.3	74.7
Spokane, Washington	25.4	69.7
Cleveland, Ohio	26.9	71.4
Indianapolis, Indiana	27.9	75.0
Salt Lake City, Utah	28.0	76.7
Denver, Colorado	32.9	74.2

Varied climate, varied terrain.

Five hundred miles long and three hundred miles wide, Montana offers a variety of widely differing terrain, from the forested Rocky Mountains in the west, to rolling plains and rugged badlands in the east.

Montana's climate varies according to altitude and location. Average annual precipitation is 15 inches, but ranges from a low of 6 inches in the eastern part of the state to a high of 120 inches on a mountaintop in Glacier National Park.

Because of its location in a chinook belt, Montana's weather is the most changeable of any area in the nation. Chinooks are warm, dry southwesterly winds that occur on the downwind slopes of the Northern Rockies. In winter, when chinook winds displace retreating cold air, temperatures rise dramatically within a few hours. In central Montana, it is not uncommon to experience a 60-degree temperature change that melts winter snow and brings springlike weather for several days.



MONTANA

WORKFORCE

Rolling up our sleeves.

"When I first considered relocating my electronic equipment manufacturing business from southern California to Montana, the labor market was my greatest concern.

Now, it's my greatest asset.

Shortly after relocating, I recruited the nucleus of skilled workers I needed right from the community. Within months, I had 42 skilled and semiskilled workers manufacturing machines for the semiconductor electronic industry.

I have more trained workers to choose from here than I had in California. And they are by far more industrious. The reason is that they are grateful to be working at a job they like and living in a state they love.

There simply isn't anywhere on earth they would rather be.

If anyone were doubtful about Montana as a place to do business, I think they would consider it seriously after taking a look at the numbers. Productivity is the key."

Ray Thompson
Semitool, Inc.
Kalispell, Montana

Ray Thompson is president of Semitool, one of three companies in the nation that manufacture rinser/dryers for silicon wafers. He markets and services his product nationwide as well as in Europe and Japan. Among his customers are Hewlitt-Packard, Texas Instruments, IBM, Motorola Fairchild and National Semiconductor. His plant is located in Kalispell, Montana.

Eager. Productive. Dependable. Available.

Montana workers want to stay in Montana.

MONTANA WAGE SURVEY—1983

Occupation	Average Hourly Wage*
SECRETARIES	$ 7.70
STENOGRAPHERS	6.70
TYPISTS	5.10
FILE CLERKS	4.60
SWITCHBOARD OPERATORS	5.10
KEY ENTRY OPERATORS	5.50
COMPUTER OPERATORS	6.90
DRAFTERS	9.80
ELECTRONICS TECHNICIANS	12.70
MAINTENANCE CARPENTERS	12.20
MAINTENANCE ELECTRICIANS	13.40
MAINTENANCE PAINTERS	13.20
MAINTENANCE MACHINISTS	13.40
MAINTENANCE MECHANICS (MACHINERY)	12.70
MAINTENANCE MECHANICS (MOTOR VEHICLES)	10.90
MAINTENANCE PIPEFITTERS	14.30
STATIONARY ENGINEERS	13.20
TRUCKDRIVERS	10.10
HEAVY EQUIPMENT OPERATORS	10.90
MATERIAL HANDLING LABORERS	9.20
FORKLIFT OPERATORS	9.70
GUARDS	6.00
JANITORS, PORTERS & CLEANERS	5.60

Source: U.S. Dept. of Labor, Bureau of Labor Statistics
*Rounded to nearest 10¢

MONTANA EMPLOYMENT BY INDUSTRY—1983

	*Number of Workers	Percent of Workforce
Wholesale & Retail Trade	83,000	23%
Services	81,000	22%
Government	70,000	19%
Agriculture & Forestry**	38,000	11%
Manufacturing	24,000	7%
Transportation, Communication, Utilities	23,000	6%
Construction	19,000	5%
Financial, Insurance, Real Estate	17,000	5%
Mining	7,000	2%
TOTALS	361,000	100%

Source: Montana Department of Commerce, Census and Economic Information Center
*Detail does not add to total because of rounding.
**Most Forest Products activity is included in the Manufacturing category.

Worker Productivity

Based on unpublished value added information from the 1980 Annual Survey of Manufacturers *(U.S. Bureau of the Census)*, and total manufacturing employment, Montana ranked 3rd in the nation in value added per worker at $56,700 per employee, well above the national median of $36,900 per employee.
(INC. Magazine, October, 1983)

Labor Costs

Current manufacturing employment in Montana is concentrated in capital intense heavy industries such as smelting, refining, lumber and paper milling. These industries are relatively high paying, pushing Montana's average manufacturing wage up higher than the national norm, as well as value added per worker.

Montana's apparently high manufacturing wages also result from the relative absence of light, labor-intense industry in the state, which generally pays lower wages. In fact, labor-intense firms in Montana pay 12% less than the national average for those specific industry groups. *(Office of Commerce and Small Business Development, 1980)*

Labor unions in Montana are firmly in support of positive economic development, and their elected officers frequently join with management and industrial interests to create jobs by promoting favorable economic conditions for business.

Statistically, Montana workers are highly productive.

Education in Montana

Montana has two universities (approximately 10,000 students each) and eleven colleges, for a total college enrollment of 37,000 students.

Montana State University in Bozeman and the University of Montana in Missoula offer a variety of widely recognized graduate and undergraduate courses in the arts and sciences, business administration, engineering, architecture, law, education, medicine, agriculture and home economics.

The Montana College of Mineral Science and Technology, Butte, offers degrees in the sciences and engineering, and has developed several of its programs in cooperation with industry. Most graduates enter the petroleum and nonferrous mineral industries.

Montana's system of trade and industrial schools consists of five state centers for vocational-technical education, three community colleges, one four-year college and about 30 proprietary institutions. Montana high schools also offer vo-tech courses for adults as well as young people. Programs offered are based on the needs of the communities they serve.

During 1983, nearly 8,500 students learned valuable job related skills at Montana's vocational-technical centers, community colleges and private vocational schools. These people were prepared to immediately join Montana's skilled work force. Students learned to be nurses, legal and medical secretaries, computer programmers, accountants, welders, industrial electronics workers, airframe maintenance technicians, auto mechanics, agri-mechanics, pilots and cosmetologists. Schools develop new programs as needed to meet the demands of business and industry.

Research Facilities

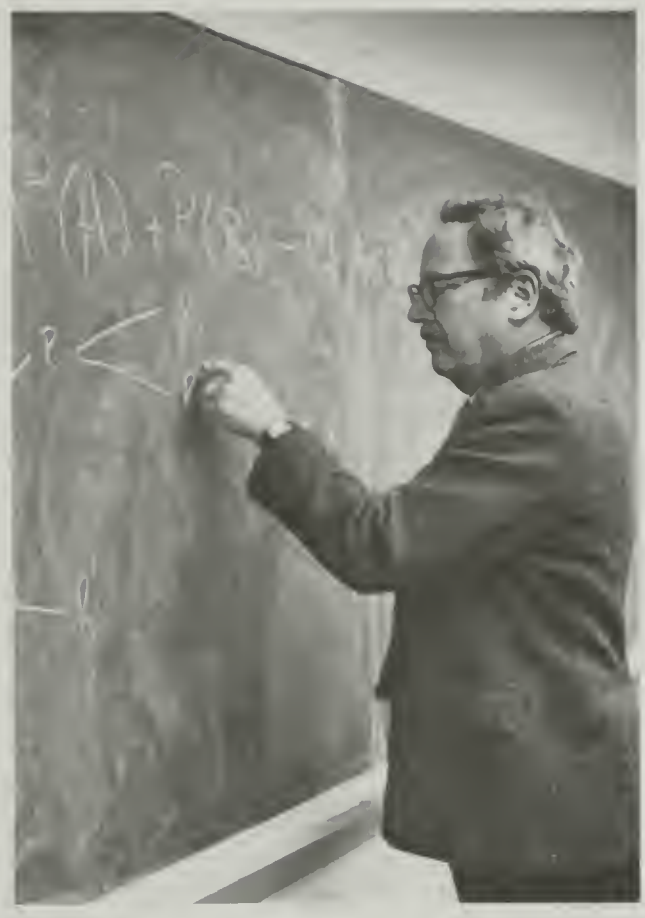
Both the University of Montana in Missoula and Montana State University in Bozeman have respected research capabilities and in recent years have developed nationally recognized programs in engineering, forestry, immunobiology, surface physics, plant genetics and pathology, paleontology, coal technology, cancer virus replication and limnology, kinetic modeling of metabolic processes, to name a few. Both universities have succeeded in gaining substantial research funding from such prestigious sources as the National Science Foundation, National Institute of Health, U.S. Department of Energy and the U.S. Agency for International Development.

In Butte, the Montana College of Mineral Science and Technology has extensive research facilities in the environmental and energy sciences, and in geological, geophysical, metallurgical, mineral processing, mining and petroleum engineering. This school is a nationally acknowledged source of expertise on the coal hydrology and geology of the Northwest region.

University-industry cooperative research is important and continues to be fostered by these institutions. Private contract research funding and collaboration between university and industry scientists is increasing and proving to be mutually beneficial.

Several federal government laboratories are located in the state. The National Institute of Health's Rocky Mountain Laboratories are located in Hamilton and research specialties include microbiol structure and function, epidemiology, and persistent viro. The USDA Forest Service operates forest and range experiment stations on the university campuses at Bozeman and Missoula. Also located in Missoula are the Northern Forest Fire Laboratory and the Equipment Development Center. The USDA Agriculture Research Service's Fort Koegh Livestock and Range Research Station is located near Miles City.

Additionally, several private research organizations and advanced technology firms located in the state maintain research and development laboratories and facilities.



Education, industry and government often work cooperatively to develop new training programs for specialized skills needed by incoming employers.

Can we train workers for you?

Montana's energetic vocational-technical education system is eager to work with companies that require workers with specialized skills.

Through the efforts of the Montana Private Industry Council, training and upgrading programs are closely coordinated with economic development activities in the state, and procedures have been streamlined to make it as easy as possible for employers to participate.

Pre-Industrial Start-Up Training

This new program finds and trains workers for any new or expanding industry in Montana, at no cost to the employer. Since its inception, the program has trained hundreds of Montana workers in specialized skills ranging from electronics to chemicals handling. Each year training is scheduled for additional workers.

All Montana citizens may apply for training under the program. Most trainees are highly motivated, sometimes undergoing evening training on their own time, and at their own expense, after working full time at another job during the day.

Employers need only to specify how many workers are needed, the skill levels required, and an approximate plant start-up date. All advertising, screening, testing and interviewing are performed by the Montana Job Service, and workers are custom-trained to meet or exceed job entry level skill requirements set by the employer. Employers select trainees from among the applicants for training.

On-The-Job and Classroom Training

Employers who hire and train unemployed individuals are reimbursed for the costs associated with the training—up to 50% of the trainee's wage, throughout the training period.

Montana Job Service will handle the screening and referral of these workers, before the employer makes the final selection. Program participants may also receive classroom training, counseling, orientation and support services at no cost to the employer.

Classroom instruction may be designed specifically to meet the needs of new or expanding industry, and employer input in the training design is welcomed. The goal is to have trained workers ready by the time a new industry opens its doors. Participants are enrolled through the Montana Job Service.

These training programs can be combined with tax credits for businesses employing certain individuals. Paper work is kept to a minimum, and two-year, phased tax credits form a perfect match with on-the-job and classroom training enabling employers to develop a well-trained labor force without high start-up costs.

Montana offers extensive vocational and technical education, and trained workers with a variety of skills are available to business and industry.

MONTANA

TRANSPORTATION

Open door to the Northwest.

"One might think that Montana is isolated and that accessibility to markets is a problem. Actually, reliable transportation is one of the primary reasons we located our business near Bozeman, Montana. Because air service here is rarely interrupted by the weather, we can easily serve worldwide markets.

We offer highly technical products and services to pharmaceutical and health-related industries around the world. We ship worldwide and we travel worldwide, so we rely heavily on commercial air service.

Montana has proved to be an ideal location for two other reasons. First, nearby Montana State University's research facilities have one of the finest electron scanning microscopes in the world, which is very important to our research and product development. Secondly, the quality of life we enjoy in Montana is very important to our staff, our families and our sense of well-being.

Good transportation, state-of-the-art research facilities and excellent quality of life—that's why Skyland made its home in Montana."

Rod A. Marshall
Skyland Scientific Services, Inc.
Belgrade, Montana

Rod A. Marshall is Executive Vice President of Skyland Scientific Services, Incorporated, a high-tech firm offering specialized products and consulting services to the pharmaceutical and health-related industries. Skyland was established in March, 1979 by the President and CEO, Dr. John R. Gillis, and has since become known worldwide as a pioneer in sterilization technology, process engineering, microbiological analysis and biological products design. Skyland serves over forty firms around the world, including Lederle Laboratories, G.D. Searle Corporation, E.R. Squibb & Sons, Inc., 3M Medical Products, U.S. Surgical Corporation, Corning Glass Works and Exxon. The firm employs sixty workers and has attracted top scientists and researchers from around the world. They anticipate doubling their staff and business within the next two years.

Airlines

Four major airlines serve Montana—Northwest Orient, Western, Frontier and United—and offer both passenger and freight service. Non-stop flights are provided to Minneapolis, Chicago, Denver, Salt Lake City and Spokane from the state's larger cities. Montana's five largest urban centers each have between 8 and 45 commercial flights leaving daily for points outside the state.

Big Sky Airlines, a Montana-based corporation, provides service to 11 cities in Montana, two cities in North Dakota, one city in Wyoming, South Dakota and Calgary. Cascade Airlines provides service between Spokane, WA., Kalispell and Butte.

Montana has 121 public-use airports. Fifteen have commercial air carrier service, and 75 can handle light and medium twin-engine aircraft. Montana has 57 fixed-base operators offering charter service.

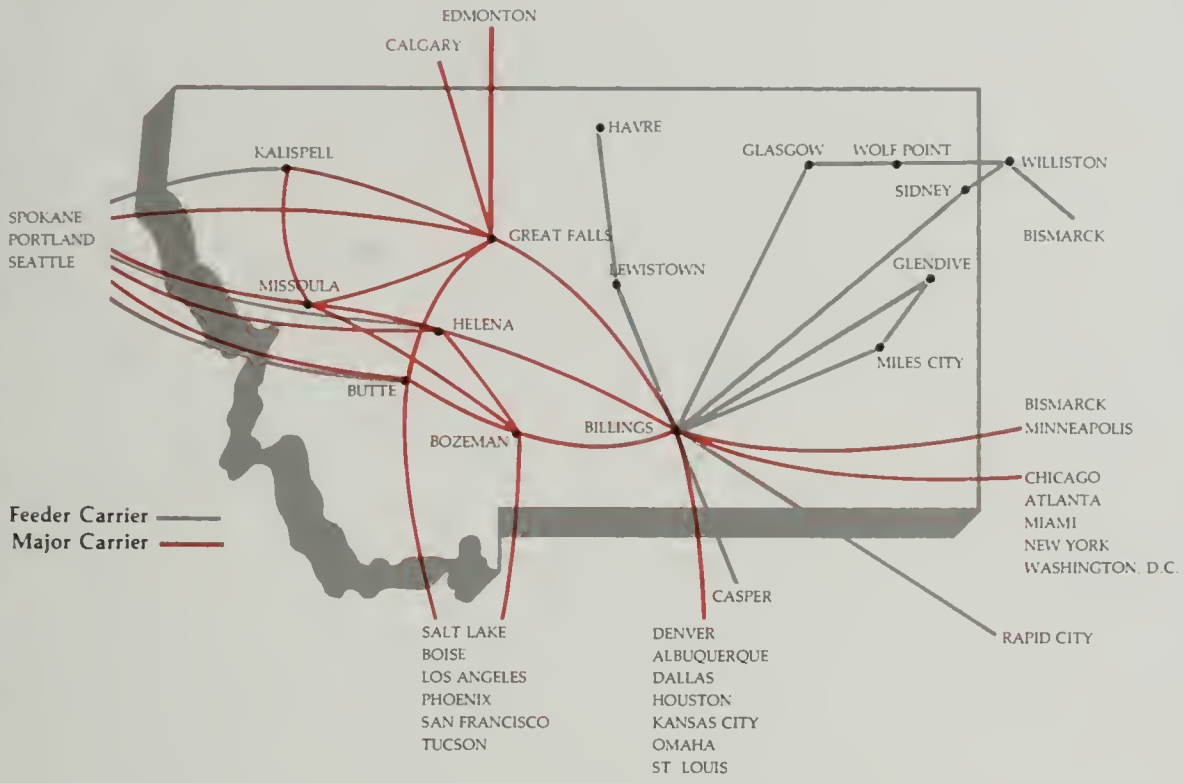
Highways

There are 14,200 miles of paved highways in Montana, including nearly 1,200 miles of four lane interstate highways. Interstate 15 connects Montana with Salt Lake City and Los Angeles to the south, and connects with modern Canadian highways serving Calgary and Edmonton, Alberta to the north. Interstate 90 connects with Spokane and Seattle to the west and runs south from Billings connecting with Denver and Chicago. Interstate 94 connects Billings and Eastern Montana with North Dakota and the Twin Cities to the east. Several other major highways also cross the state.

Frequent air schedules and uncrowded highways provide easy access for passengers or freight to and from anywhere in the nation.

COMMERCIAL AIR ROUTES

As of May 1984



MONTANA HIGHWAYS

Commercial Trucking

Montana is extremely well served by more than 6,500 intrastate, interstate and international commercial motor carriers. The larger common carriers include Molerway Freightlines, Garrett Freight Lines, Consolidated Freightways, Salt Creek Freightways, Pacific Intermountain Express (PIE) and Transystems, Inc.

Several specialized carriers haul Montana commodities such as petroleum products, timber, livestock and grain to markets outside the state.

Multimodal transport facilities are also available to Montana shippers. Grain and other agricultural products are routinely trucked to Lewiston, Idaho, where they are transported by barge on the Snake and Columbia Rivers to Portland, Oregon.

United Parcel Service provides rapid parcel delivery from all Montana communities to any point in the U.S.

The 10 intercity bus lines that serve Montana also offer efficient interstate and intrastate freight service.

Expediting Services

Montana is also served by the usual expediting services—Federal Express, Airborne, Express Mail—offering overnight delivery to most points in the nation.

Common carriers, specialized commodity carriers, and expediting services serve business and industry's transportation and communication needs in Montana.

Railways

Montana's industries enjoy reliable rail transportation. More than 5,000 miles of rail connect Montana with other states and markets, carrying Montana products to California, the Mississippi Valley, the Gulf Coast, Canada, and West Coast seaports.

Montana's primary east-west rail service is provided by two Burlington Northern main lines with valuable routes to the Midwest and East, Gulf Coast ports and the Pacific Northwest. Montana is on the rail portion of the land bridge routes giving coastal access to and from the Far East.

The Union Pacific provides important access to the Midwest, Pacific Northwest, Southwest and California. A shorter route of the Soo Line enters the northeastern portions of the state. Railroad access is offered at several industrial parks and numerous on-line locations for industry.

New rate contracting privileges provide industry shippers the opportunity to fix transportation costs and service expenditures for consistent access to the marketplace.

Import/Export Facilities

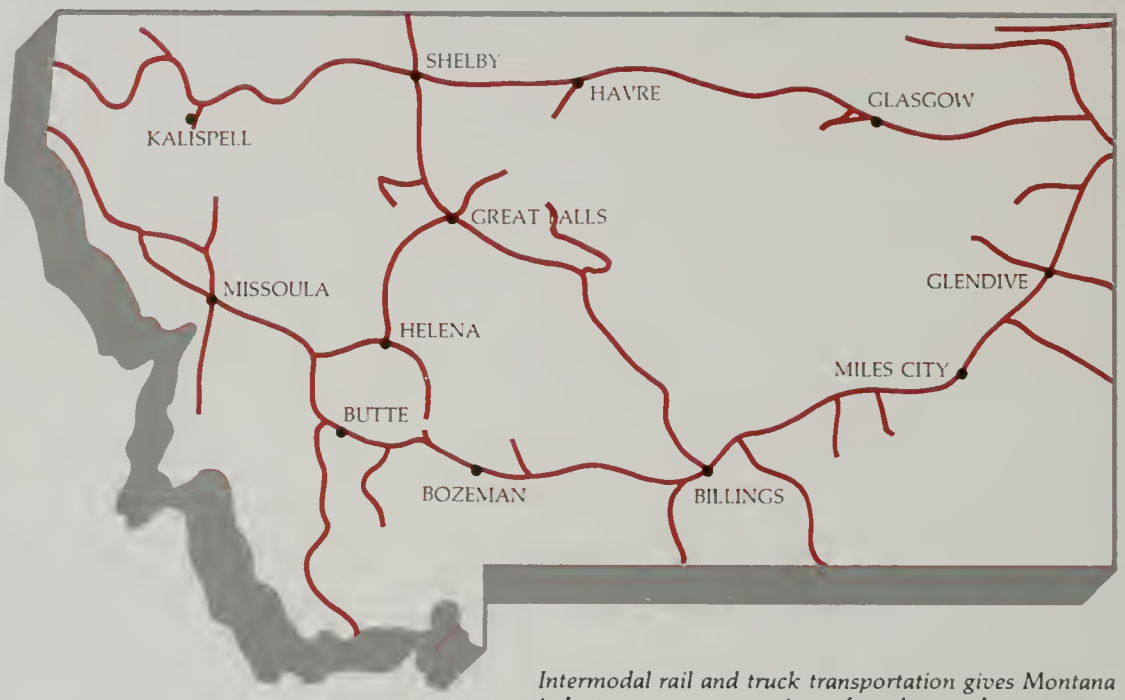
The Great Falls Foreign Trade Zone serves as a low cost import/export distribution center convenient to air, truck and rail carriers. Manufacturers within the 150-acre zone may combine imported goods with domestic wares, or break bulk, repackage and relabel to achieve lowest duty status. No duty is paid until goods are withdrawn from the zone for U.S. consumption.

The Port of Montana, Butte, is a shipping facility that specializes both in containerized cargoes received by rail directly from ships docking at Seattle and in products to be containerized in Butte for shipments leaving from Seattle for foreign countries. It offers low-cost unpacking and breaking down of foreign shipments, and has warehousing facilities available.

While Montana may appear to be "off the beaten path," transportation to and from the state puts it into the mainstream. Air, truck, and rail services tie the state closely to major markets.

MONTANA RAILWAYS

(Branch lines not shown)



Intermodal rail and truck transportation gives Montana industry access to a variety of markets and ports.

MONTANA

ENERGY
RAW MATERIALS
WATER
LAND

A wealth of resources.

"Anyone in the raw material business would be attracted to Montana at first glance because of its wealth of minerals, timber and energy.

I'm enthusiastic about Montana as a place to do business because there are still a lot of resources in what I would call "non-conflict" areas ... areas that have not already been designated for another use."

Bob Kelly
Champion International
Missoula, Montana

Bob Kelly, a Montana native and University of Montana graduate, is public affairs manager for Champion International's Rocky Mountain region. Champion's investment in Montana is substantial. It includes 683,000 acres of timberlands; the largest softwood plywood plant in North America; several sawmills that produce a wide variety of lumber products; and the largest of Champion Packaging's pulp and linerboard mills. There are about 2,300 Montanans directly employed by these operations.

Low-Cost Energy

Montana industries pay substantially less for energy than the majority of the nation, partially due to the state's abundance of low-cost hydroelectric power. Montana ranks third lowest among the 48 contiguous states in energy cost per million BTUs *(General Manufacturing Business Climates, 1983).*

Montana can be expected to maintain its utility cost advantage over the long term. The state contains large reserves of coal, oil and natural gas, enabling it to economically supply substantial amounts of its own energy well into the future.

Montana's oil and gas industry has been active since the 1920s, and it is generally agreed that Montana has great potential for discovery of new fields. Interest is also focusing on the vast, low-sulphur coal reserves in the Powder River and Fort Union regions of eastern Montana, known to have the nation's greatest potential for fossil fuels development.

INDUSTRIAL ENERGY COST COMPARISON INDICES—1982

Energy costs in Montana are appreciably lower than in many other states. In the chart below, 100 is average.

	Electricity	Gas
Alabama	93	90
California	144	116
Colorado	85	93
Georgia	92	90
Idaho	45	110
Illinois	104	93
Maine	97	144
Massachusetts	140	118
MONTANA	44	**127**
Nevada	91	96
New Jersey	151	116
New York	111	112
North Dakota	96	95
Oregon	58	124
Pennsylvania	115	102
South Dakota	86	95
Texas	101	86
Utah	88	57
Washington	38	122
Wyoming	61	73

Source: Chase Econometrics, Inc.

As the nation looks to the future, Montana offers great potential in low-cost energy from oil, natural gas and coal.

Abundant Raw Materials

Nationally, Montana is a leading producer of agricultural products, minerals and timber, and processing of these commodities accounts for about 75% of Montana's manufacturing labor income. Yet there are still opportunities for processing of these raw materials.

Agricultural Products

Well known nationally and internationally for its wheat, barley, and beef, Montana also ranks in the top 10 states in the production of sheep, wool, hay, dry beans, oats, potatoes, honey, and sugarbeets. Other major Montana agricultural products include corn, safflower, flaxseed, mustard seed, cherries, huckleberries, apples, poultry, and hogs.

Montana has the largest amount of acreage in strip cropping in the U.S. and is second in total land in farms and ranches.

Processing of agricultural products is an important industry in Montana, and includes meat packing plants, dairies, grain mills, bakeries, sugar refineries and bottling plants.

Timber

In 1983, 1.2 billion board feet of lumber was produced in Montana, ranking it 8th among the 30 producing states in total lumber output. *(Western Wood Products Ass'n and U.S. Census Bureau).*

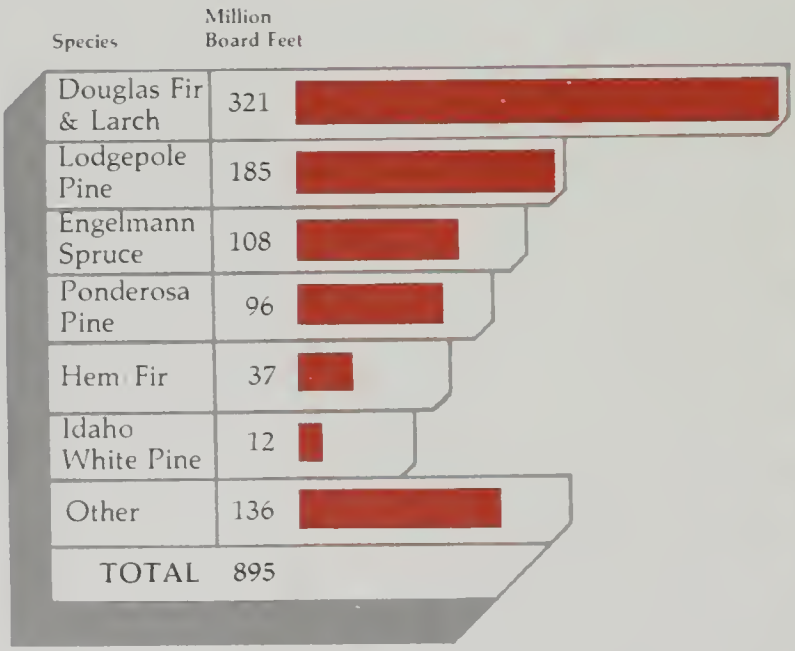
Plywood is an important component of the Montana forest products industry and, in recent years, production has averaged about 600 million square feet.

Vast forests, many managed by major lumber companies, produce wood products used across the nation.

About 45% of Montana's manufacturing workforce is involved in the forest products industry. The majority of activity consists of sawmills and stud mills; plywood, particleboard and fiberboard plants; a pulp and paper mill; producers of houselogs; and post and pole plants.

Secondary wood products manufacturing plants produce modular construction components, mobile homes, wooden furniture, beekeeping supplies and other items.

1982 LUMBER PRODUCTION*



*1982 was an unusually low year for lumber production. A breakdown of 1983 production of 1.2 billion board feet by species is not currently available.
(Source: Western Wood Products Association)

Minerals

As the world's mineral reserves grow short, exploration and mining continue to increase in Montana. Beyond production of oil, coal and natural gas, Montana has vast and relatively undeveloped reserves of many minerals that are key to American industry.

The state's non-fuel minerals production is currently valued at about $240 million annually, with copper and silver the greatest revenue-producers. Antimony, gold, lead, molybdenum and zinc are also being mined in the state, and undeveloped deposits of these metals and others—chrome, iron, platinum, paladium, nickel and tungsten—are being explored and prospects for development are promising.

Vast deposits of phosphate rock lie fully mapped in southwestern Montana, and commercial bentonite is common in eastern Montana. Both commodities are in production, but their potential is just beginning to be developed. Montana gypsum, vermiculite, barite, limestone, sand, gravel and building stone supply local construction materials industries. Gypsum, vermiculite and limestone are shipped to markets outside the state. Montana has the largest pure deposits of talc in the U.S., and also produces metallurgical grade silica.

Montana's mineral resources offer promising prospects in several areas of the state.

ESTIMATED NON-FUEL MINERALS PRODUCTION IN MONTANA—1983

		Quantity	$ Value (thousands)
Antimony	short tons	250	NA
Clays	thousand short tons	166	$ 5,075
Copper (recoverable content)	metric tons	33,241	56,429
Gem stones		NA	300
Gold (recoverable content)	troy ounces	71,305	30,305
Lead (recoverable content)	metric tons	1,144	555
Lime	thousand short tons	46	2,426
Sand and gravel	thousand short tons	5,000	9,500
Silver (recoverable content)	thousand troy ounces	6,040	69,460
Stone (crushed)	thousand short tons	1,300	5,000
Other minerals (including barite, cement, gypsum, iron ore, peat, phosphate rock, stone, tungsten, vermiculite, talc and zinc.)			61,269
	TOTAL		$240,319

NA—Not available. Source: U.S. Bureau of Mines

Water

Montana is a headwaters state for two major river systems—the Columbia and the Missouri—and annually produces about 28.4 million acre-feet of water within its borders.

The state's rivers and streams are fed largely by melting snow and spring rains. Natural streamflows peak in May and June, and some of the excess water is typically stored in private, state, and federal reservoirs for use during later, low-flow periods.

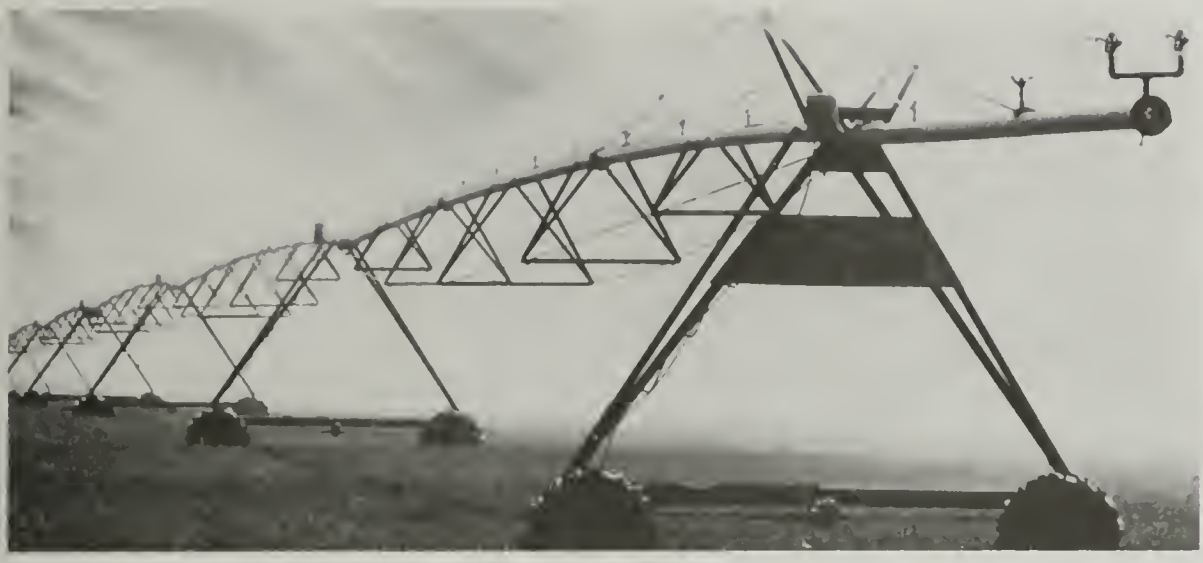
Like all the western states, Montana's water users are governed by the "doctrine of prior appropriation," meaning users with an earlier right have precedence over users with a later right. Users are not entitled to water rights unless they put the water to beneficial use.

About 98% of the water withdrawn in Montana is used for irrigation of farmland, with the balance going for thermo-electric power generation, industrial, commercial, residential and livestock purposes. Montana's water reservation system allows public entities to reserve water for future consumptive needs, which can include industrial use. Water is also reserved for purposes of maintaining Montana's important aquatic and fishery resources, a major attribute of the state.

The State of Montana has implemented aggressive new legislation initiated by Governor Schwinden which provides funding for the development and storage of Montana's water resources.

Montana has an adequate to abundant water supply for industries seeking a quality environmental setting for employees as well as water for consumptive purposes. Instream flows in Western Montana and the Upper Yellowstone and Missouri rivers are either protected by instream flow reservations or large hydropower water rights, thus providing a quality fishery and riparian environment. Most areas of the state have surface or ground water available for industries which depend upon a firm water supply for their consumptive needs. Although low flow periods and existing water right constraints impose limitations to direct diversions in some locations, a reliable water supply is available from uncommitted reservoir storage in the major basins. State water resource officials can advise potential users on current water availability in various parts of the state.

Water from Montana's snow-fed rivers and streams is a significant natural resource, well-managed for agricultural and industrial use.

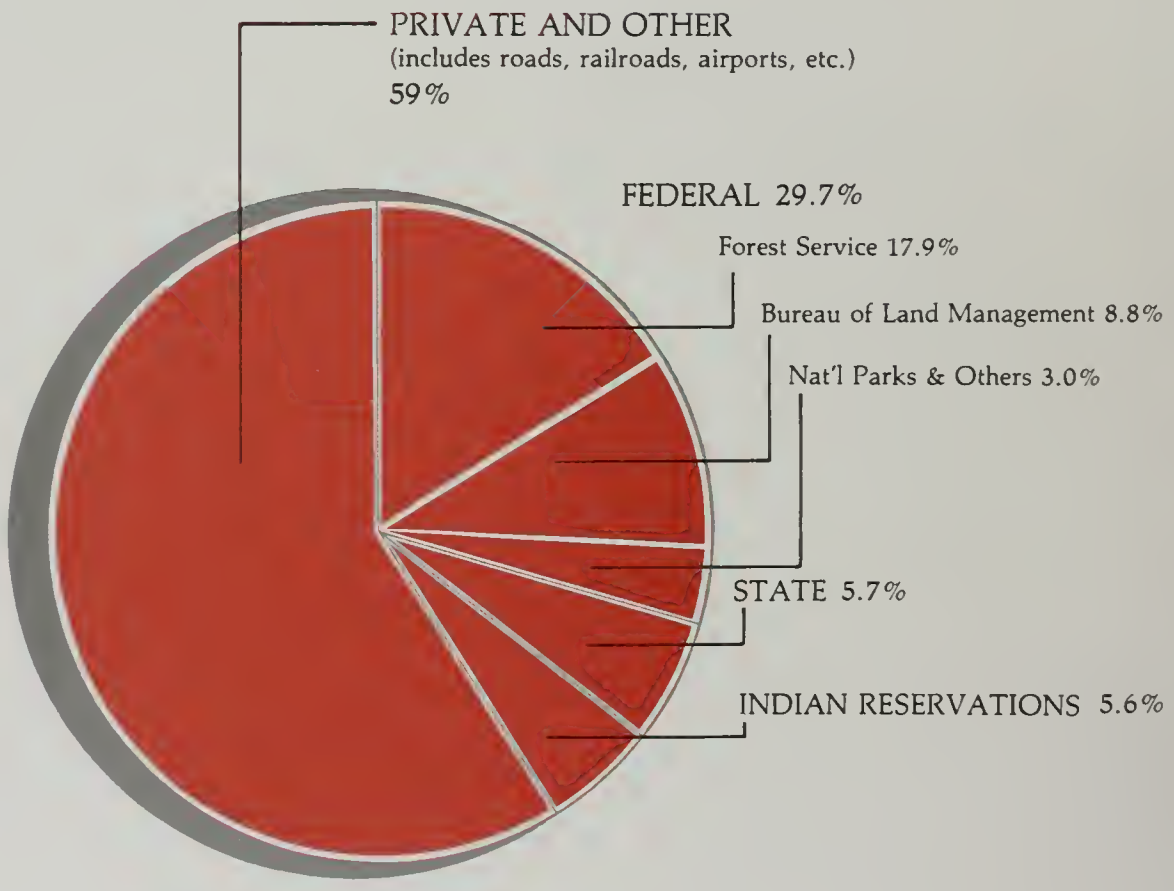


Land

The nation's fourth largest state, Montana is a land of vast and varied dimensions—500 miles long and 300 miles wide, with a land area of 93,157,952 acres. The eastern two-thirds of the state consists of plains broken by occasional mountain ranges. The western third is mountainous and timbered, with the Continental Divide running north and south between Glacier and Yellowstone National Parks. The Federal Government, through its national parks, national forests, wilderness areas and rangelands, controls nearly 30% of the state's land, mostly in western Montana.

Suitable land is available for manufacturing sites in many communities in Montana. Eleven of these communities have fully developed industrial parks with ready access to transportation systems.

MONTANA LAND OWNERSHIP



Source: "Public Land Statistics, 1982" and Montana Dept. of Lands.

MONTANA

FINANCING ALTERNATIVES
TAX INCENTIVES
TAXES AND LICENSES

The bottom line.

"We see the decade of the 1980s as a particularly appropriate period for business to consider investing in Montana.

We have water, we have energy, and best of all we have a work force of friendly, hardworking people. Our society is changing, and those changes favor Montana as technology replaces the old ways of doing business and allows companies to operate effectively in less congested environments.

D.A. Davidson & Co. competes well from its Montana location because of modern communications technology and hardworking professionals.

Montana can't miss, and we recommend it highly!"

Ian B. Davidson
D.A. Davidson & Co.
Great Falls, Montana

Ian Davidson is chairman and chief executive officer of D A Davidson & Co. a Montana-based brokerage firm that ranks in the top 3 percent of the nation s brokerage houses and is the largest firm in the Pacific Northwest with 10 offices in three states. Davidson won the National Awards Competition for Innovations in American Finance for a customer stockholder plan DAD devised for Montana Power Company. Forbes Magazine describes D.A Davidson & Co. as having "evolved into the quintessential regional brokerage firm (October 27, 1980)

Montana ... a promising financial environment.

Montana legislators are working hard to create a favorable financial environment for business, and have made significant progress in their effort.

In the 1983 legislative session, Montana lawmakers approved the most comprehensive package of development finance programs ever enacted simultaneously by any state. The role of the business licensing center, originally created to cut red tape, was expanded to include serving as an ombudsman for small businesses. Programs were established to provide training and technical assistance to businesses in the areas of marketing, international trade, financial planning, and production management.

The state's inventory tax has been repealed, and a small business investment tax credit of up to $500 authorized.

In financial and investment circles, Montana stands out as a good risk. In 1981, when Moody's Investors Service refined its rating system, only two states—Montana and New Mexico—were upgraded. Montana's rating advanced from Aa to Aa-1. The upgraded rating reflects the state's growing mineral resources, conservative debt and financial policies, and low debt burden.

The 1983 COSMA report on **Manufacturing Business Climates** in the 48 contiguous states ranked Montana lowest in state and local government general expenditure growth versus state and local government revenue growth, a measure of governments' abilities to match expenditures with revenues, and an indication of the legislature's attitude toward budget balancing.

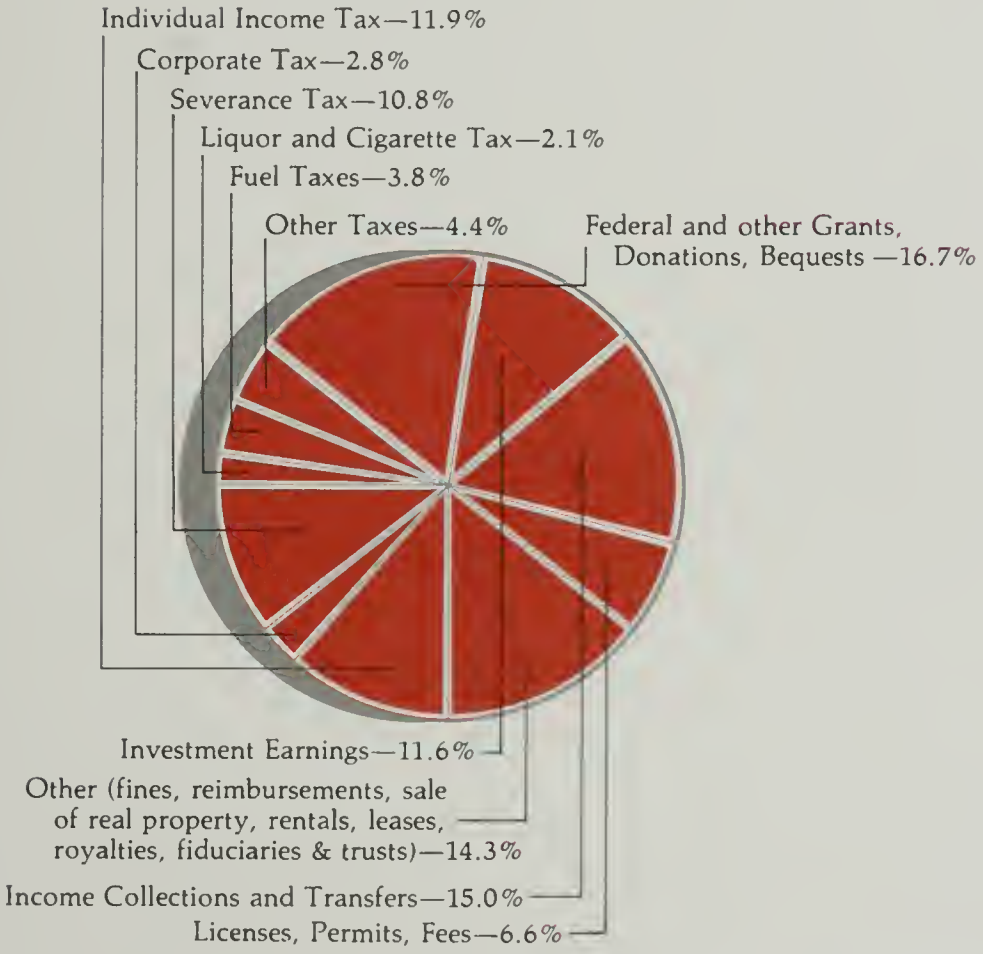
In INC magazine's 1983 "Report on the States", which ranks states on "major, quantifiable factors that contribute to an overall climate for small business," Montana placed 14th in the nation, up from 27th the year before. INC's report also ranked Montana 9th in state support of small business. Clearly, the state's strong pro-business actions and attitudes are producing results.

Many sources of financing are available to business and industry locating in Montana.

SOURCES OF MONTANA REVENUE

Taxes provide less than one-half of state government's revenue.

In FY1983, Montana received $1.27 billion in revenue from all sources. Tax collections supplied 36% of this revenue:


Individual Income Tax—11.9%
Corporate Tax—2.8%
Severance Tax—10.8%
Liquor and Cigarette Tax—2.1%
Fuel Taxes—3.8%
Other Taxes—4.4%
Federal and other Grants, Donations, Bequests —16.7%
Investment Earnings—11.6%
Other (fines, reimbursements, sale of real property, rentals, leases, royalties, fiduciaries & trusts)—14.3%
Income Collections and Transfers—15.0%
Licenses, Permits, Fees—6.6%

Montana has reduced its reliance on general taxes.

In recent years, general tax sources—individual income tax, corporation tax, liquor and cigarette taxes, and fuel taxes—have declined in relative importance. In other states, the opposite has happened with individual income, sales taxes and corporate taxes providing an ever-growing share of state tax collections.

Stability of Montana's Tax Structure and State Revenue

Montana has reduced taxes in the 1980's, when many other states were forced to raise theirs.

In 1981, the Montana legislature passed bills that reduced Montana's taxes by over $66 million per year. While the 1983 legislature raised cigarette taxes and motor fuel taxes, it further lowered individual taxes by over $3 million per year. These tax reductions occurred at a time when many states raised their taxes. Montana's individual income tax was last increased in 1971 and its corporation tax in 1973.

Montana has maintained a budget surplus when many other states have been forced to make massive cuts and layoffs to maintain a balanced budget.

On June 30, 1983, Montana had a $57 million general fund surplus. A "comfortable" $33 million surplus is expected by the end of the biennium. Currently, only five states—Texas, Nevada, Hawaii, Delaware and Montana—project a surplus in excess of 5% of their general fund at the end of fiscal year '84.

Montana's prudent management and sound fiscal condition retained an Aa-1 bond rating—one of few states with such a rating.

Montana's Taxes Compared with Other States'

Montana's residential property and income taxes are near or below the national median.

A recent District of Columbia study calculated the median effective property tax rate on a house in the largest city in each state was $1.60 per $100 valuation. The effective rate in Billings, Montana was only $.84 per $100 or **47% lower than the national median.** In 1981, Montana ranked 19th lowest of the 44 states imposing income taxes in both income tax collections per capita and per $1000 of personal income.

(Government of D.C., Department of Finance and Revenue, Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State 1981)

Montana has no sales tax.

In 1982, residents in the 45 states with sales taxes paid an average annual $226 per capita for sales taxes. Based on this average, Montana residents save $178 million per year they don't have to pay in sales taxes.

Sources of Industrial Financing

Industrial Revenue Bonds

At least $200 million in Industrial Revenue Bonds have been issued since 1981 to support and encourage private business development in Montana.

Industrial Revenue Bonds may be issued to buy land, construct buildings and purchase equipment for a variety of new or expanding industrial projects, including manufacturing, commercial and agricultural enterprises, recreation or tourist facilities, medical and governmental structures and multi-family housing.

Interest earned on the bonds is exempt from both state and federal taxes when the bonds are sold in compliance with IRS regulations.

IDBs are available to businesses through local governing bodies and the Montana Economic Development Board (MEDB). The MEDB has the authority not only to issue larger "stand alone" project bonds, but also to pool together numbers of projects of less than $1 million each under "umbrella" bonds, thus enabling small businesses to take advantage of the interest rate savings available through IDBs while avoiding otherwise prohibitive issuance costs.

Coal Tax Loan Program

Since July 1, 1983, 25% of all new revenues flowing into Montana's coal tax trust fund have been placed in an in-state investment fund from which long-term, fixed rate loans are made, through participating financial institutions, to eligible beginning or expanding businesses. In the first two years of the program, a total of $30 million is expected to be available for investment.

Montana Capital Companies

The 1983 legislature authorized a 25% tax credit against state income taxes for investments in qualified Montana capital companies. At least four such companies have been formed since then, increasing the availability of venture, equity, and risk capital in the state.

Investment Banking Firms

The state's investment banking firms are involved in developing capital for business and industry through underwriting Industrial Revenue Bonds, corporate bonds, and raising equity capital through stock issues and other innovative means of financing.

One of the nation's leading regional investment banking firms is headquartered in Montana, offering new and expanding businesses a thorough knowledge of the region together with a willingness to handle smaller issues.

Local Development Corporations

A number of local, non-profit economic development corporations are active in the state of Montana. Many offer developed industrial property, buildings via lease/purchase agreements, maximum available tax advantages and favorable financing arrangements.

Commercial Lending Institutions

There is a total of 166 commercial banks in Montana, with combined assets totaling more than $6 billion at the end of 1982. Several of these are affiliates of major holding companies, including the First Bank System, Norwest Corporation and First Interstate Bancorp.

Montana also has 13 state and federally chartered savings and loan associations with combined assets of over $1.1 billion, and 114 state and federally chartered credit unions with combined assets of $374 million.

Small Business Administration

Nearly all businesses are eligible for federal SBA financing of buildings, equipment and operating capital. SBA loans are administered by local banks, with the SBA guaranteeing up to 90% of loans up to $500,000.

Six communities have created Certified Development Companies (CDC) to offer SBA's 503 fixed asset financing program to their areas. A statewide CDC is currently being organized and should be operational by mid-1984.

Industrial Tax Incentives

The following is a general outline of taxes and industrial tax incentives in the State of Montana. It should not be considered a substitute for the actual tax laws. Complete information on taxes and incentives that apply to your business may be obtained by contacting the Montana Department of Commerce.

Property Tax Reductions New industries may qualify for a 65% reduction in the taxable valuation of their property for the first three years of operation in Montana. New or expanding manufacturing industries may be eligible for reduced assessments (up to 50% of their taxable value) during the first ten years after construction or expansion.

In recent years, Montana has aggressively redesigned its tax structure to attract new employers.

No Inventory Tax Business inventories and freeport merchandise are exempt from property taxes.

No Use or Sales Tax Montana has no use tax on the purchase of equipment, and no general sales tax.

New Industry Credit Certain new or expanding manufacturing corporations may claim a credit of 1% of total wages paid to new employees hired in the first three years after operation or expansion begins.

Corporation Tax Montana allows businesses to make full use of the depreciation rules enacted in the Federal Economic Tax Recovery Act of 1981 in calculating their state corporation tax. Montana also allows corporations to use net operating losses in excess of the current year's tax liability to reduce taxes paid for the last three years or seven years in the future. Montana allows a deduction for Federal windfall profit tax paid.

Mill Levy Funding A one-mill levy is authorized for purposes of economic development within any Montana city, county or town, if approved by local voters. These funds may be used for developing industrial parks, buildings to house manufacturing operations, feasibility studies and other activities associated with economic development.

Investment Tax Credit Individuals and corporations that qualify as "small business corporations" may use 5% of their Federal Investment Tax Credit as a credit against state income tax liability or corporation license tax liability.

Pollution Control Incentive Air and water pollution control equipment is taxed at 73% less than other industrial equipment. This includes facilities, machinery or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing or storing pollutants, contaminants, wastes or heat.

General Taxes

Property Tax

A little less than half (47%) of Montana's total tax revenue comes from the property tax. Almost all of this money is spent to maintain strong local government and school systems. Only about 2.6% of property tax revenue goes to state government.

Property tax assessment is administered by the State Department of Revenue. Most land and improvements-except agricultural land-are assessed at 8.55% of market value. Manufacturing and mining machinery, fixtures, equipment, tools and supplies are assessed at 11% of market value. Qualifying new industrial property is assessed at 3% of market value.

Individual Income Tax

In 1981, Montana voters approved an initiative requiring that the state individual income tax be indexed. The standard deduction, personal exemption and tax brackets are all indexed to keep pace with inflation and eliminate "bracket creep."

Taxpayer calculations are similar to those done for the federal individual income tax although there are differences between deductions allowed on the state return and those allowed on the federal return. Starting with Montana adjusted gross income, taxpayers may itemize deductions or take a standard deduction equal to 20% of Montana adjusted gross income (up to a maximum, in 1983, of $1,800 for single taxpayers and $3,600 for joint returns). The personal exemption for 1983 is $960.

Montana has a progressive rate structure in which (for 1983) the first $1,200 of *taxable income* is taxed at 2%, the next $1,200 of *taxable income* at 3%, up through an 11% rate on all *taxable income* in excess of $42,000.

A hypothetical family of four with a gross income of $15,000 and having typical deductions would pay $249 in income tax in 1983. A family of four with a gross income of $30,000 and having typical deductions would pay $926 in income tax in 1983.

INDIVIDUAL INCOME TAX EXAMPLES

Hypothetical family of four—one wage earner, three dependents:

Gross income	$15,000	$30,000
Typical deductions	4,500	9,935
Personal exemption allowance (4 x $960)	3,840	3,840
TAXABLE INCOME	$ 6,660	$16,225
TAX	$249* *$156 plus 5% of the amount over $4,800	$926** **$588 plus 8% of the amount over $12,000

Corporation License Tax

Corporations are subject to an excise tax of 6¾% of the corporation's net income from sources within the state. Industries qualifying as "small business corporations" are not subject to this tax; not-for-profit corporations are exempt.

New and expanding industries which produce products new to Montana are eligible for a tax credit equal to 1% of the total new wages paid for each of the first three years of operation. In order to be considered "expanding," an industry must increase its work force by 30% during a single year.

In general, in computing net income, a corporation is allowed the same deductions from its Montana gross income as are permitted under the Federal Internal Revenue Code. Federal corporation income tax may not be deducted in computing net income. However, operating losses may be carried backward and forward.

If a corporation derives income both inside and outside the state, if its sole business activity in Montana is making sales, if it neither owns or rents any property in the state, and if its annual gross Montana sales do not exceed $100,000, then it may elect to pay one half of one percent (0.5%) of its gross sales in lieu of Corporation License Tax.

Requirements for Employers

Every employer in Montana who pays wages is required to deduct and withhold tax which is determined by using tax tables issued by the Department of Revenue. In most cases an employer is required to pay the amounts withheld and file a report with the Department on a quarterly basis.

Unemployment Insurance Tax

With certain exceptions, employers are required to pay an unemployment insurance tax on their payroll at quarterly intervals. This tax is used to finance the payment of benefits to unemployed workers. The tax rate for a particular employer is based on an experience rating system that monitors the benefits charged against the employer's account.

Montana's unemployment insurance rates for 1984 range from 1.8% to 4.3% of the first $8,400 of an employee's wages. Montana offers a reduced rate for new employers. For example, in 1984, instead of paying the maximum rate of 4.3%, new employers will pay 3.8%.

Workers' Compensation

The Workers' Compensation Act of Montana, with limited exceptions, requires all employers to carry insurance that provides compensation and medical benefits to employees injured on the job. Neither general liability nor health and accident insurance policies are substitutes for workers' compensation insurance.

Employers may obtain coverage through certain private insurance companies, or from the state-operated insurance companies. Certain large employers are allowed to self-insure. Employers pay the insurance premiums based on a percentage of employees' salaries. The law prohibits employers from deducting or obtaining any part of the premium from employee wages.

Montana has a progressive workers' compensation system that has been able to hold insurance premium costs at a competitive level.

The Department of Commerce is your advocate.

Here in Montana you will find a group of people who are as interested in your business as you are.

Since its inception in 1981, the Montana Department of Commerce has developed a unique alliance with business leaders to create a strong environment for business and industrial growth. The result is a wide range of services offered by the Department of Commerce to prospective, new, and existing businesses. All of these services are available through a single source.

The Department's specialists can provide you with:

Assistance in Site Selection and Development
Our Business Location Specialist serves as a confidential resource for firms considering a Montana location, and acts as a liaison between the firm and Montana communities.

Development Finance Technical Assistance
Montana's Finance Specialist assists in financial analysis, planning, packaging, bonding, and various public sector grant, loan, and bond programs available to businesses.

Product Promotion and Marketing Assistance
The Marketing Specialist focuses on the development and expansion of markets for products manufactured or processed in Montana.

Business Development Assistance
Our Business Development Specialist provides information and technical assistance to small businesses—particularly manufacturers—on such topics as employee training opportunities, U.S. government contract leads, and sources of loan and grant funds.

International Export Assistance
The International Export Specialist offers direct, one-stop technical assistance to small businesses wishing to enter foreign markets.

Business Advocacy and Licensing Assistance
Montana's Small Business Advocate serves as a first contact for individuals wishing to start a new business. The Advocate also acts as an ombudsman for businesses with questions or complaints regarding other state agencies.

These and other services are designed to help you eliminate red tape and concentrate on the successful start-up, expansion and operation of a business. Whatever your business needs to grow and prosper, the Montana Department of Commerce is always ready to help. Like an advocate should be.

Please direct your confidential inquiry to:

Gary Buchanan, Director
Montana Department of Commerce
1424 Ninth Avenue, Room 1
Helena, MT 59620
406/444-3494

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And special thanks to the many businesses, manufacturers and agricultural enterprises who have already built their future in Montana. They know our state truly is a place to soar.

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